



CALPEEK

CALIFORNIA POLITICAL WEEK

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VOL. XXIII
No. 20

MAY 14, 2001

ENERGY & POLITICS: 'FRUSTRATION' IS THE BEST WORD TO DESCRIBE WHAT'S HAPPENING IN CALIF.

Editor's note: As Calif.'s energy crisis continues to drag on with no end in sight, the level of political frustration is beginning to be more pronounced. Here is Calpeek's analysis and commentary...

...Without a doubt the most politically frustrated individual in Calif. is Gov. Gray Davis(D). For the past five months he has been trying to get a handle on this energy crisis, but other than putting new generating facilities on a fast track for construction and his ambitious energy conservation program, everything else has stalled. The governor's *Memorandum of Understanding* to help So. Calif. Edison(SCE) avoid bankruptcy is DOA because there no GOP votes and Demos in the Legislature are gun shy because they have found several key problems with his plan. Compounding the governor's problems, consumer groups may soon go on the warpath against his plan. SCE is countering with a \$3 million public awareness tv ad campaign, but it's doubtful this effort will win legislative approval of the MOU in its current form...

...The key problem with the MOU is that some of its provisions undercut the PUC's constitutional functions. If the MOU isn't corrected, sources predict a lawsuit which will cause more delay. The other problem is of a logistical nature: because GOPers won't vote for the MOU, the bonds or the power authority, the legislature has to adjourn from its special session to pass these bills by a majority vote. Davis then has to call for a 2nd special session. Ugggg!!!

...The political frustration is not only in Calif., but in DC as well. There are now 4 GOP members of the Calif. U.S. House delegation who are urging the Bush Admin. (read that as VP Dick Cheney, who is the head of the Energy Task Force) to put a cap on wholesale energy prices. The four Calif. GOP House members who are on a collision course with the Veep are U.S. Reps. Duncan Hunter, Darrell Issa and Randy Cunningham, all from the San Diego area; and Elton Gallegly from Ventura Co...

...But Pres. George W. Bush and Cheney seem very firm in their NO CAP on wholesale energy prices. The new Bush energy plan will be unveiled the week of May 14th, but don't look for much help for Calif. What Bush and Cheney don't want to admit is that while Calif. is the biggest state being hit by unreasonably high energy costs, it's the entire Western U.S. which is really at risk because of the extended drought in the Pacific Northwest. No water, no hydro-electric power to export to Calif. and other western States this summer. And when combined with the gasoline price hikes and huge natural gas prices, energy as an issue could become a huge political problem for *Team Bush*...

...FYI: the political frustration has boiled to the point that Lt. Gov. Cruz Bustamante(D) and Assemblywoman Barbara Matthews(D) filed a 36-page lawsuit against 5 major power suppliers. The allegation: unlawful trading practices to manipulate the market. And the week of May 14th may see the Legislature filing a lawsuit against FERC - to force this agency to do its job to "ensure just and reasonable wholesale electric power rates." Attorney Joe Cotchett will represent the Legislature for \$1. Attorneys Mike Aguirre of San Diego and Ray Boucher of Beverly Hills are the lead attorneys in the Bustamante/Matthews lawsuit. The big question: why are Bustamante and the Legislature filing these actions? Answer: frustration at the slow pace by Calif. AG Bill Lockyer(D) and his DOJ. Stay tuned...

CAMPAIGN 2002: AND THE SEARCH GOES ON TO FIND A GOP CANDIDATE WHO CAN DEFEAT DAVIS.

Editor's note: While GOP businessman Bill Simon and CA Secretary of State Bill Jones(R) are out there on the rubber chicken circuit and trying to drum up political support, Republican king makers here in Calif. and in DC don't see these two potential candidates as having a good shot of beating Demo Gov. Gray Davis in 2002 - despite polling data which shows that the incumbent governor is vulnerable as a result of this ongoing energy crisis. Here's our analysis, with GOP polling data...

...Now that actor Arnold Schwarzenegger has said no

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thank you to the prospect of running for governor in 2002, GOPers in Calif. are facing the reality that they may have to settle for either Simon or Jones, both conservatives. It remains to be seen whether Simon is as dogmatic as Jones on some issues, such as abortion and guns. Truth is Simon, despite the fact that he's begun his "*Calif. Speaks*" state-wide tour, is still largely unknown to the political news media and to voters. Regardless...

...The ***Bush White House*** isn't thrilled about either of the two Bills. And they even tried to encourage outgoing L.A. Mayor **Richard Riordan** into this race, but the mayor wasn't buying. And then there was the story about White House Nat'l Security Adviser **Condoleezza Rice**. Seems that **WISH List** (Women In the Senate & House), a pro-choice GOP group, commissioned a survey by pollster **Linda DiVall**. Her poll shows Rice would be the ideal candidate to battle Davis. Rice is certainly high profile, but is more comfortable with national or international issues than Statewide issues. And at this point Rice will take a pass, but don't dismiss her come 2004, when U.S. Sen. ***Barbara Boxer***(D) is up...

...What about those DiVall numbers? The poll was taken April 22-24 among 800 registered voters. In a GOP primary battle: Rice 24%, Arnold S. 18%, Jones 13%, Simon 6% and undecided 37%. This data was taken before Arnold S. decided not to run. In 1-on-1 matches, here's how it looks: Davis 45% vs. Rice 35%; Davis 49% vs. Arnold S. 35%; and Davis 45% vs. Jones 32%. DiVall's poll didn't have numbers for Davis vs. Simon...

...There's no doubt Davis is in some difficulty right now and that's reflected in his job approval rating. In the DiVall poll for WISH List, Davis' is at **45%** approve vs. **48%** disapprove. Those figures are similar to a poll by Portland-based Moore Information (Apr. 25-26, 600 likely voters) which shows Davis at **42%** approve vs. **47%** disapprove. The DiVall data also shows Davis' reelect number at **31%** vs. **56%** elect someone new...

...FYI: Although the whole campaign team has not been put together, Sacto-based McNally Temple Assoc. will be working for Jones. Simon's team has hired two new Deputy Political Directors: conservative Steve Frank of Simi Valley and moderate Dan Pennington of Folsom. Simon's team should also hire a savvy scheduler. His first stop on the statewide tour listed 4 events ~ 3 of which were closed to the news media. Dumb scheduling. Stay tuned...

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L.A. Mayor's Race: LAW & ORDER SERIES - PART 2.

Editor's note: As *Law & Order* issues continue to play a key role in the current dialogue between L.A. City Atty. Jim Hahn and former Assembly Speaker Antonio Villarraigosa, here is Part II of our series. This week the focus is on the LAPD Rampart scandal and the Carlos Vignali pardon deal. The L.A. City runoff election is June 5th. Here's our analysis & commentary...

...Of the two remaining law & order issues, the one which has the most long reaching and costly consequences is the ***LAPD Rampart Division scandal***. Already the City of L.A. has shelled out what seems like a ton of money to persons who were framed and arrested by crooked cops. There are some estimates that the Rampart scandal could eventually cost the city more than \$200 million. Some sources believe Hahn's office should have been more vigilant when there were problem signs, but voters don't hold Hahn responsible for this LAPD mess...

...Instead, voters seem to have taken their frustrations over Rampart out on former L.A. Co. DA Gil Garcetti, who clearly did have responsibility in this area and lost a bid for reelection in 2000. And the public is just now beginning to realize that LAPD Chief Bernie Parks isn't blameless either. Hahn has backed off on his previous 100% support of Parks, in part because of Rampart, but more to appease the L.A. Police Protective League. League directors have recommended that the membership support Hahn for mayor...

...As for the *Vignali pardon* brouhaha, this is one of the more troubling stories which has been hounding the Villaraigosa campaign since early February when this story first broke. Although a number of consultants didn't think it would impact the mayor's race, it did. And while Villaraigosa was damaged by this story, U.S. Rep. Xavier Becerra's campaign was hurt more. It was front page reading from February to April – and then the story seemed to die. It was revived when the one of the Indian gaming tribes pumped big bucks into a radio ad campaign against Villaraigosa, using the Vignali case. The publicity died down again until very recently when *L.A. Times* staffers Stephen Braun and Richard Serrano wrote about it once more in the *L.A. Times Magazine*. It is the kind of publicity Hahn's campaign loves, because there are no finger prints. No telling if Braun & Serrano will come up with anything new between now and June 5th, but a NY Grand Jury is probing the Clinton pardons (Marc Rich + Vignali)...

...No reason to rehash the whole case, but Carlos Vignali was convicted in 1995 of selling cocaine to his associates in

Minneapolis. He was in prison for about 6 years (15 year sentence) until Pres. Bill Clinton pardoned him in January. The father, well-connected Horacio Vignali, orchestrated a pardon campaign by donating about \$160,000 to many East L.A. political types, Villaraigosa among them (\$2,795)...

...What's troubling to some about Villaraigosa's involvement (a single May 24, 1996 letter) is that Villaraigosa did not check the facts before writing. In part his letter read, "After reviewing Mr. Vignali's case, I am convinced that he has been falsely linked to a drug ring..." Had Villaraigosa checked, he would have learned the Feds had a dead bang case because they used *wire taps*. And although he did apologize for the letter, the Vignali case raises a question about Villaraigosa's character. Is he *impulsive*? In his own words, "I thought with my heart instead of my head."...

...But will Vignali become a part of the anti-Villaraigosa campaign? It's *not* as sexy as *Calpeek* sources first thought. Villaraigosa's legislative voting record provides more opportunity to create doubts about the former lawmaker's stand on public safety issues than the Vignali case. Stay tuned...

CAMPAIGN REFORM:: TWO BILLS BANNING DECEITFUL PHONE BANK OPERATIONS MOVING FORWARD.

Editor's note: There are separate bills moving forward in both the CA State Senate & CA Assembly which would put a stop to bogus campaign phone bank operations. Here's a brief update...

...For those with short memories, the recently concluded L.A. City primary gave a clear reason why campaign reform is needed in the area of political phone bank operations. In one case, voters listened to a female who IDed herself as L.A. Co. Sup. Gloria Molina – it wasn't – bashing mayoral candidate Antonio Villaraigosa. The other case was more nasty, an unidentified voice with an anti-Semitic message, aimed at mayoral candidate Steve Soboroff. Neither had much impact, other than to make headlines...

...SB 3 by Senate GOP Leader Jim Brulte of Rancho Cucamonga would require that callers disclose the organization or candidate financing the calls. The FPPC requires that political mail, radio and tv ads have disclosures, but for some reason phone bank operations were excluded. SB 3 passed out of the Senate E&R Cmt. on a unanimous vote. Brulte had tried to win approval of similar legislation back in 1996 and 1997, but the bills died in policy committee. Not this time...

...The other bill is AB 690 by Assemblyman Herb Wesson (D-L.A.). AB 690 amends the Political Reform Act to pro-

hibit candidates, committees or other organizations from paying for 1,000 or more calls unless the caller IDs the name of the organization which is paying for the phone bank operation. Violations are subject to fines of \$10,000, plus an administrative fine of \$5,000 levied by the FPPC. In addition, a candidate found to be in violation could be banned from running for office for 4 years. Wesson's bill now moves to Appropriations. Stay tuned...

CAMPAIGN 2001: L.A. CITY ELECTION SHORT TAKES.

Editor's note: Here are a few short stories about the upcoming L.A. City runoff election June 5th...

◆ **Ace Smith to Villaraigosa** – S.F.-base campaign consultant Ace Smith, who was Steve Soboroff's campaign mgr. in the April 10th L.A. City primary, has joined the campaign of Antonio Villaraigosa. He'll do debate prep, op research and some spinning...

◆ **New IE Committee for Hahn** – It's called *Friends of Jim Hahn* and is chaired by attorney Peter D. Kelly, former chairman of the Calif. Demo Party. Founding committee co-chairs are L.A. Co. Sup. Yvonne Burke, SEIU 347 leader Julie Butcher; L.A. Councilman Nate Holden, Carpenters Union leader William Luddy, Assemblyman Rod Wright and U.S. Reps. Maxine Waters and Juanita MacDonald. Attorney for the IE is Phil Recht of Mayer, Brown & Platt, while fundraising will be handled by Brian Rix & Pat Bradford (Joel Wachs' fundraisers)...

◆ **The Other Hahn** – As in Janice Hahn, candidate for the 15th District on the L.A. City Council. New polling data by Fairbank Maslin Maullin (Apr. 25-28, 400 likely voters) shows Hahn leading rival Hector Cepeda by a margin of 53% vs. 32%, with 15% undecided. Conservative candidate Bob Nizich, who got 20% in the primary, has endorsed Hahn. FMM polling shows that 55% of Nizich's supporters are now for Hahn vs. 26% for Cepeda...

CALPEEK'S CAMPAIGN CONSULTANTS DIRECTORY

As you now know, we have started to work on the new 2001-02 **Directory of Campaign Consultants**. We sent out a record number of questionnaires to consultants – just under 400. This tops the 1999-2000 number by about 60-70. Regardless, it would be helpful if those consultants who are "sitting" on those forms would fax or mail them in ASAP. The Directory is perhaps one of the most useful resources in Calif. This will be Calpeek's 8th edition. If you're a consultant and haven't received a questionnaire, better call us ASAP. Calpeek is getting ready to do a mass mailer to subscribers regarding advertising in just a few days. Stay tuned...

CALPEEK'S INFOBAHN: POLITICAL SHORT TAKES.

Editor's note: Here are a few items, political & otherwise, worth noting...

■ ***Cox Nomination on Hold*** – As reported last week, *Calpeek* sources were right on the money in telling U.S. Rep. Chris Cox(R-Orange Co.) to keep his day job. The list of new Bush judicial appointments does NOT include Cox's name. Key problem: U.S. Sen. Barbara Boxer, who opposes Cox's nomination to the 9th U.S. Court of Appeals. Cox did meet with U.S. Sen. Dianne Feinstein last week, but DiFi isn't saying much...

■ ***New Look for L.A. Times*** – The Tribune Boys have done a make-over of the *L.A. Times*, putting all national and international stories in Part I, while all State, regional and L.A. city stories + the editorial pages are in a new *California* section, which replaces *Metro* (Part II). Not a bad look, but George Skelton's popular and informative *Capitol Journal* column should be on front page of B-1 just like Peter H. King's column; and not buried on B-5...

■ ***32nd CD Update*** – GOP candidate Noel Irwin Hentschel continues to spend mega bucks in her uphill battle against Dianne Watson for the vacant 32nd CD seat of the late Julian Dixon(D). Hentschel has now opened 3 campaign offices in the CD (Culver City, Koreatown and a Latino area office). In addition, she's going on the air with a Spanish language tv campaign ad. And Hentschel has a very aggressive news media operation vs. zip, zero for Watson. But Watson is walking precincts in the 32nd CD (w/L.A. City Atty. candidate Mike Feuer)...

■ ***U.S. House Update*** – Demo Assemblywoman Sally Havice of Cerritos has made it official: she's formed a committee to challenge 38th CD U.S. Rep. Steve Horn(R-Long Beach) next year... Scott Moeller, president of a San Jose wireless technology firm, will challenge 15th CD freshman U.S. Rep. Mike Honda(D) next year...

■ ***SB 402 Unconstitutional*** – This was the bill signed into law last year which established a mandatory system of binding arbitration for local public safety employees. Former Assemblyman Antonio Villaraigosa was a key supporter of SB 402. A judge in Santa Cruz Co. has issued a ruling declaring SB 402 unconstitutional because it strips local elected officials of the power to determine the compensation of employees and delegates this authority to a private person. This was SB 402's first court test and a big win for the League of Calif. Cities...

CALPEEK's NEW JOBS AND PERSONNEL NOTICES.

Editor's note: Here are some items to mark down in your notebook...

● Former CA State Treasurer Matt Fong(R) will be nominated by Pres. Bush to be Undersecretary of the U.S. Army. Fong is an Air Force Academy graduate and remains an officer in the USAF Reserves...

● Prominent Orange Co. businessman George Argyros has been nominated by Pres. Bush as U.S. Ambassador to Spain...

● Michael G. Colantuono has been named a partner in L.A. law firm of Neufeld, Jaffe, Levin & Colantuono. He was previously with Richards, Watson & Gershon...

● Jeffrey Eric Langan has opened his own law firm at 555 W. 5th St., 30th Floor, L.A. 90013, (213)996-8340. He will specialize in all aspects of political law. Langan co-founded U.S. Term Limits in DC...

● L.A.-based Rogers & Associates adds 8 new staffers: Kirsty Burkhardt; Amber Moore; Jon Fitzsimmons; Kim Hale; Michelle Oakes; Stacy Theberge; Beth Orlick; and Amando Zavala...

● Deanna Spehn, former policy advisor to San Diego Mayor Susan Golding, has joined Stoorza Communications as director in the firm's P/A division, based in San Diego...

● Attorney and communications specialist Cody King has changed the name of his firm to CrossPoint Advisors. New address: 601 S. Figueroa St., Ste. 3505, L.A. 90017. (213) 599-5189...

CALPEEK'S CALENDAR OF POLITICAL EVENTS

May 15	49 th AD special primary.
June 5	L.A. city runoff election; 32 nd CD special election runoff.
June 15	Calif. State Budget must be passed.
June 28-30	NALEO's 18 th Annual Conference, San Jose.
July 10	49 th AD special election runoff.
July 15-17	DLC Nat'l Convention, Indianapolis, IN.
July 20-Aug. 20	CA Legislature's summer recess.
Oct. 14	Last day for Gov. Davis to sign bills.
Oct. 29	Calif. candidate declaration of intent for 2002.
Nov. 9-12	IAPC 34 th World Conference, Malta.
Nov. 27-Dec. 1	Nat'l League of Cities – Atlanta, GA